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The USSR has continued to provide vital support for the Cuban economy. The Soviet Union accounts for more than half of Cuba's total trade and provided a flow of credits in 1968 and 1969 that financed over 40 percent of Cuba's imports. Moreover, Moscow purchases large amounts of Cuban sugar each year at prices substantially above world market and provides about 2,000 economic technicians and advisors. There has been evidence at times that the USSR wished to reduce its aid level, but continued weakness of the Cuban economy made this impossible until 1970. In 1968 and 1969, Soviet assistance rose sharply.

Soviet-Cuban trade negotiations in 1968 apparently were longer and more difficult than normal, and final agreement was reached _____ a month later than usual. The new agreement called for only a moderate increase in trade but provided a new Soviet credit of \$327 million, the largest credit ever extended to Cuba. As the year progressed, Soviet aid was increased, because the poor sugar crop made it evident that Cuba could not fulfill its export commitment. As in the past, the USSR maintained its exports at the agreed level and extended additional credit to cover the larger than expected deficit. Cuba's total utilization of Soviet credits for all purposes (trade deficit, technical/aid, and interest on outstanding debt) amounted to \$480 million in 1968 compared with \$325 million in 1967.

Trade negotiations in 1969 do not seem to have been difficult, _____. While public announcements were vague, the protocol apparently called for little or no increase in trade and for

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a new Soviet credit less than half the 1968 amount. Events again forced an increase in Soviet assistance, however, as Cuba had a poor sugar crop for the second year in a row. Cuban exports to the USSR fell to the lowest level since 1963, while Soviet exports changed little. Consequently, estimated Cuban drawings on Soviet credits rose to more than \$550 million in 1969.

Because of the large expected gain in Cuba's sugar output, the 1970 trade agreement apparently called for the elimination of Cuba's chronic trade deficits with the USSR. Total trade was scheduled to increase by about 50%, reflecting planned Cuban sugar exports of 5.0 million metric tons, or nearly 4 times the 1969 volume. But Soviet exports to Cuba, it appears, were to remain unchanged. If this agreement could be fulfilled, Cuba probably would achieve a small export surplus with the USSR. In fact, the 1970 sugar crop fell short of expectations (even though it was by far the largest in history), and exports to the USSR will not be sufficient to completely eliminate the trade deficit. However, Cuban drawings on Soviet credits in 1970 probably will not exceed \$150 million, the lowest figure since 1961.

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Chronology of Major Events in Cuban-Soviet Economic Relations
1968-70

21 March 1968 - Trade protocol for 1968 is signed. A moderate increase in trade is called for and the USSR extends a \$327 million trade credit to Cuba, _____

March 1968 - A contract was signed by which the USSR would provide technical assistance for the construction of a fertilizer plant (capacity 120,000 tons of nitrogenous fertilizer annually). This plant probably was to be financed under Soviet credits extended some years earlier.

April 1968 - The USSR extended an \$18 million credit to aid Cuba in the repair and expansion of the sugar milling industry. The USSR had previously extended \$112 million in credits for this purpose.

7 February 1969 - Trade protocol for 1969 is signed. No increase in trade is called for but the USSR extends a new credit of \$140 million.

16 February 1970 - Trade protocol for 1970 is signed. Trade is scheduled to increase by 50%, all in the form of larger Cuban sugar exports. No new Soviet credit is extended.

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